

DEPARTMENT of ENVIRONMENT and NATURAL RESOURCES Minerals & Mining Program - Oil & Gas Section 2050 West Main, Suite #1, Rapid City, SD 57702-2493 Telephone: 605-394-2229, FAX: 605-394-5317 FORM 2

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APR 2 0 2005

APPLICATION FOR PERMIT TO DRILL RESOURCES - RCRO

Type of work: ✓ Drill New Well Reenter Well Drill Directional Well Oil Well ✓ Gas Well Injection					
OtherOther					
Name and Address of Operator: The Houston Exploration Co. 1100 Louisiana; Suite 2000; Houston, TX 77002 (713) 830-6800					
Name and Address of Surface Owner:					
Gladys Rose 1227 East Dakota; Pierre, SD 57501					
Name and Address of Drilling Contractor and Rig Number: Caza Drilling Inc. P.O. Box 17805; Denver, CO. 80217 Rig #234					
Surface Location of well: Qtr-Qtr, Sec, Twp, Rge, County, feet from nearest lines of section, and latitude and longitude (if available):					
SWNE of Sec 4, T7N, R26E; Stanley County; 3548' FSL & 3371' FWL; Lat=44.598589, Long=100.980874					
If Directional, top of pay and bottom hole location from nearest lines of section: NA					
Acres in Spacing (Drilling) Unit Description of Spacing Unit					
40 SW/4 NE/4 of Sec 4, T7N, R26E					
Well Name and Number		Elevation	Field and Pool, or Wildcat		Proposed Depth and Formation
Black Butte #7-4		1797.3'	Wildcat	2500' - Dakota Sandstone	
Size of Hole 1) 9-7/8" 2) 6-1/4" 3)	Size of Casing 7" 4-1/2"	Weight per Foot 20 10.5	Depth 350' 2500'	Cementing Program (amount, type, additives) 150 sxs Type 3 cmt w/2% CaCl 100 sxs Type 3 cmt w/2% CaCl 1500'- 2500'	
Describe Proposed Operations (Clearly State all Pertinent Details, and Give Pertinent Dates, Including Estimated Date of					
Starting any Proposed Work). Use additional page(s) if appropriate. Move in & rig up drilling rig, drill 9-7/8" hole to 350', run & cement 7" surface casing, circulate cement to surface, drill 6-1/4" hole to 2500', log, run & cement 4-1/2" casing if productive. Start Date: 6/10/2005 End Date: 6/14/2005 Note: 12 ml pit liner will be used on all earthen pits.					
I hereby certify that the foregoing as to any work or operation performed is a true and correst perfort of such work or operation.					
Lloyd Bruce STATE GEOLOGICAL SURVEY Operations, Engineer 4-19-05					
Signature		Name (Print)		Title Date	
FOR OFFICE USE ONLY					
Approved By: Title: 0il & Gas Supervisor					
Permit No. 1733 API No. 40 117 20020 Date Issued: 05/03/05 Conditions, if any, on attached page.					